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Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

- - - - - x
In re: : Chapter 11
:
CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
et al., :
:
Debtors. : Jointly Administered
- - - - - x

**THIRD INTERIM APPLICATION FOR COMPENSATION AND
REIMBURSEMENT OF EXPENSES OF MCGUIREWOODS LLP,
CO-COUNSEL TO THE DEBTORS, FOR SERVICES
RENDERED FROM MAY 1, 2009 THROUGH JULY 31, 2009**

McGuireWoods LLP ("MW"), in its capacity as co-counsel
to the debtors and debtors in possession in the above-
captioned jointly administered cases (collectively, the

"Debtors"),¹ submits the following as its Third Interim Application for Compensation and Reimbursement of Expenses for Services Rendered from May 1, 2009 through July 31, 2009 (the "Application") pursuant to 11 U.S.C. §§ 330, 331 and 503(b) and Federal Rule of Bankruptcy Procedure 2016. MW certifies that the Debtors have received a copy of this Application, but have not completed their review. In addition, MW certifies that a copy of this Application has been served on the Office of the United States Trustee and counsel for the Official Committee of Unsecured Creditors. For its Application, MW seeks the entry of an order, substantially in the form attached hereto as Exhibit A, granting interim approval of compensation in the amount of \$757,717.00 and reimbursement of expenses in the amount of \$25,549.27 for services rendered by MW from May 1, 2009 through July 31, 2009 (the "Application Period"). In

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: Circuit City Stores, Inc. (3875), Circuit City Stores West Coast, Inc. (0785), InterTAN, Inc. (0875), Ventoux International, Inc. (1838), Circuit City Purchasing Company, LLC (5170), CC Aviation, LLC (0841), CC Distribution Company of Virginia, Inc. (2821), Circuit City Properties, LLC (3353), Kinzer Technology, LLC (2157), Abbott Advertising Agency, Inc. (4659), Patapsco Designs, Inc. (6796), Sky Venture Corp. (0311), PRAHS, Inc. (n/a), XSStuff, LLC (9263), Mayland MN, LLC (6116), Courchevel, LLC (n/a), Orbyx Electronics, LLC (3360), and Circuit City Stores PR, LLC (5512). The address for Circuit City Stores West Coast, Inc. is 9250 Sheridan Boulevard, Westminster, Colorado 80031. For all other Debtors, the address was 9950 Mayland Drive, Richmond, Virginia 23233 and currently is 4951 Lake Brook Drive, Glen Allen, Virginia 23060.

support of the Application, MW respectfully represents as follows:

JURISDICTION

1. This Court has jurisdiction to consider this Application under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

2. The bases for the relief requested herein are sections 330, 331 and 503(b) of title 11 of the United States Code (the "Bankruptcy Code") and Federal Rule of Bankruptcy Procedure (the "Bankruptcy Rules") 2016.

BACKGROUND

3. On November 10, 2008 (the "Petition Date"), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code.

4. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.

5. On November 12, 2008, the Office of the United States Trustee for the Eastern District of Virginia appointed a statutory committee of unsecured creditors (the

"Committee"). To date, no trustee or examiner has been appointed in these chapter 11 cases.

6. On January 16, 2009, the Court authorized the Debtors, among other things, to conduct going out of business sales at the Debtors' remaining 567 stores pursuant to an agency agreement (the "Agency Agreement") between the Debtors and a joint venture, as agent. On January 17, 2009, the agent commenced going out of business sales pursuant to the Agency Agreement at the Debtors' remaining stores. As of March 8, 2009, the going out of business sales at the Debtors' remaining stores had been completed.

MCGUIREWOODS LLP'S EMPLOYMENT

7. On November 18, 2008, MW filed an Application to Employ and Retain McGuireWoods LLP as Counsel for the Debtors Pursuant to 11 U.S.C. §§ 327(a) and 329 (Docket No. 191) (the "Employment Application").

8. On December 8, 2008, the Court entered an order authorizing the employment of MW as counsel to the Debtors (Docket No. 791) (the "Employment Order").

9. By this Application, MW is seeking, inter alia, interim approval of its compensation and reimbursement of expenses pursuant to the Employment Order and pursuant to

sections 330, 331 and 503(b) of the Bankruptcy Code for the period of May 1, 200 through July 31, 2009.

10. MW charges legal fees on an hourly basis at its attorneys' and paraprofessionals' hourly rates, which rates are set in accordance with the attorney's or paraprofessional's seniority and experience and are adjusted from time to time. MW also charges the Debtors for its actual out-of-pocket expenses incurred including, but not limited to, photocopying, long distance telephone calls, messenger services, computer research, travel expenses, overnight mail and court fees. MW's fee structure and expense reimbursement policies were disclosed in MW's Employment Application, to which no party objected and this Court approved. See Docket Nos. 191, 791.

11. The names of all MW attorneys and paraprofessionals who have worked on this matter and their respective hourly rates are set forth on Exhibit B hereto.

12. MW currently holds a retainer from the Debtors in the amount of \$348,568.07.

13. To the best of MW's knowledge, and upon information and belief, the Debtors have paid or will pay undisputed postpetition operating expenses in the ordinary course.

14. To the best of MW's knowledge, and upon information and belief, the Debtors have sufficient funds on hand to pay the compensation and reimbursement of expenses requested herein.

15. To the best of MW's knowledge, and upon information and belief, the Debtors have filed with the United States Trustee all monthly operating reports presently due, and have paid all quarterly fees to the United States Trustee that are presently due.

FEE PROCEDURES AND MONTHLY FEE STATEMENTS

16. On December 9, 2008, this Court entered an Order Under Bankruptcy Code Sections 105(a) and 331 Establishing Procedures for Interim Compensation (Docket No. 830) (the "Interim Compensation Order"), which approved the interim compensation procedures attached thereto (the "Interim Compensation Procedures"). Pursuant to paragraph (d) of the Interim Compensation Procedures, interim applications for compensation and reimbursement of expenses must be filed on or before September 14, 2009. Moreover, in accordance with paragraphs (a) and (d) of the Interim Compensation Procedures, MW will serve a copy of this Application upon the Notice Parties (as defined therein). Moreover, notice

of the Application will be served on the parties as required by the Case Management Order (Docket No. 130).

17. Pursuant to the Interim Compensation Procedures, approximately on or after the tenth (10th) day of each month following the month for which compensation was sought, MW submitted a monthly statement to the Notice Parties (as defined in the Interim Compensation Procedures). The parties had twenty (20) days to review any such statement. If there were no objections, at the expiration of the twenty (20) day period, the Debtors were ordered to promptly pay eighty-five percent (85%) of the fees and one hundred percent (100%) of the expenses identified in each monthly statement. MW submitted monthly statements for each month during the Application Period and no objections were received. Accordingly, MW has been paid approximately 85% of its total requested fees and approximately 100% of its expenses during the Application Period. A chart summarizing these payments and the monthly statements is attached hereto as Exhibit C.

REQUESTED FEES AND REIMBURSEMENT OF EXPENSES

18. MW has played an important role in advising the Debtors and handling the day to day administration of the Debtors' chapter 11 cases. As a result of its efforts

during the Application Period, MW now seeks interim allowance of \$757,717.00 in fees calculated at the applicable guideline hourly billing rates of the firm's personnel who have worked on the cases, and \$25,549.27 in expenses actually and necessarily incurred by MW while providing services to the Debtors during the Application Period.

19. In staffing this case, in budgeting and incurring charges and disbursements, and in preparing and submitting this Application, MW has been mindful of the need to be efficient while providing full and vigorous representation to the Debtors. MW also has been especially cognizant of the standards established by this Court for compensation of professionals and reimbursement of charges and disbursements. As described in detail herein, MW believes that the requests made in this Application comply with this Court's standards in the context of the unique circumstances surrounding these large and complex chapter 11 cases.

SUMMARY OF SERVICES PROVIDED DURING THE APPLICATION PERIOD

A. General Case Administration.

20. Description. MW assisted with, inter alia, the review, analysis and preparation of correspondence, documents, pleadings and notices; handled the day to day

administration of the Debtors' chapter 11 cases; prepared and maintained a case calendar, hearing planners and omnibus hearing agendas used by the Debtors and their professionals in these chapter 11 cases; prepared for and participated in all court hearings in these chapter 11 cases; regularly participated in meetings and telephone conferences with officers and employees of the Debtors and the Debtors' financial and other advisors regarding the foregoing as well as other operational, organizational and strategic issues arising in the cases; regularly participated in meetings and telephone conferences with professionals for the Committee, creditors and other parties in interest regarding the foregoing and various other issues arising in these cases; assisted the Debtors with the service of relevant documents on appropriate parties, and the organization of information and document requests from various parties; handled issues relating to electronic case filing; regularly communicated with the Clerk's office, Chambers and the U.S. Trustee's office regarding various case administration issues; handled the internal coordination of motions, responses, objections and other related matters; coordinated the establishment and maintenance of a MW's telephone hotline to assist in responding to the numerous inquiries from creditors and

other parties in interest that these cases have generated; and researched responses to each message and otherwise responded to all inquiries tendered through the hotline.

21. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in the administration and prosecution of these complex chapter 11 cases.

22. Status. These and other general case administration matters will continue until the chapter 11 cases are closed.

23. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 578.9 hours during the Application Period for a total of \$155,643.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

B. Restructuring and General Strategy.

24. Description. MW assisted with, inter alia, the resolution of various issues and the development of various strategies regarding the Debtors' chapter 11 cases; analyzed issues and strategies regarding claim objections, litigation, substantive consolidation and plan of liquidation; and participated in meetings and telephone

conferences with the Debtors and their professionals regarding the foregoing.

25. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in the administration and prosecution of these complex chapter 11 cases.

26. Status. These matters will continue as the need arises.

27. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 18.1 hours during the Application Period for a total of \$9,605.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

C. Schedules and SOFAS.

28. Description. MW assisted the Debtors and their professionals with, inter alia, the preparation of and filing of certain amendments to and notices regarding the Debtors' Schedules of Assets and Liabilities and the Debtors' Statements of Financial Affairs.

29. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors with

compliance with the Bankruptcy Code, local bankruptcy rules and the United States Trustee's guidelines.

30. Status. These matters are substantially concluded, however, they will continue as the need arises.

31. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 1.2 hours during the Application Period for a total of \$450.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

D. Monthly Operating Reports.

32. Description. MW assisted the Debtors and their professionals with, inter alia, the preparation of and filing of the Debtors' Monthly Operating Reports.

33. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors with compliance with the Bankruptcy Code, local bankruptcy rules and the United States Trustee's guidelines.

34. Status. These matters will continue as the need arises.

35. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 1.4 hours during the Application Period for a total

of \$509.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

E. Professional Retention/Fee Applications.

36. Description. Pursuant to the requirements of the Interim Compensation Order, MW has prepared detailed monthly fee statements for distribution to the Notice Parties and handled inquiries from all of the professionals regarding monthly fee statements. Moreover, MW assisted with, inter alia, various issues pertaining to the retention and payment of various professionals employed by the Debtors and the Committee in connection with the Debtors' bankruptcy cases, including bankruptcy counsel, special counsel, accountants, financial advisors and ordinary course professionals; reviewed, analyzed, drafted and filed various employment applications on behalf of the Debtors; coordinated the employment of ordinary course professionals and filed affidavits on behalf of ordinary course professionals according to the procedures established by this Court; and communicated with the Office of the United States Trustee regarding the foregoing.

37. Necessity and Benefit to the Estates. These services were necessary to comply with the Bankruptcy Code,

the Interim Compensation Order and the United States Trustee's guidelines. Additionally, access to qualified professionals is critical to the Debtors' chapter 11 cases.

38. Status. These matters will continue as the need arises.

39. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 29.4 hours during the Application Period for a total of \$11,222.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

F. Creditors Committee.

40. Description. MW participated in meetings and telephone conferences with the Committee regarding the Debtors' chapter 11 cases. MW also assisted with, inter alia, the strategy, negotiations and production of documents in response to a subpoena from the Committee.

41. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors with various issues related to the Committee.

42. Status. These and other related matters will continue until a chapter 11 plan is confirmed.

43. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 108.8 hours during the Application Period for a total of \$28,382.50. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

G. Automatic Stay.

44. Description. MW assisted with, inter alia, the review, analysis and preparation of correspondence, documents, pleadings and notices relating to motions for relief from the automatic stay; negotiated settlements with various parties seeking to lift the automatic stay; reviewed, analyzed and drafted pleadings for various ordinary course professionals regarding the filing of suggestions in bankruptcy in litigation in which the Debtors and/or their current and/or former employees are parties; drafted correspondence and participated in meetings and telephone conferences regarding violations of the automatic stay; and conducted research regarding various issues related to automatic stay matters.

45. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in enforcing the automatic stay, reducing the administrative burden on

the Debtors' management and reducing expenses incurred by the Debtors' bankruptcy estates by resolving potential automatic stay related matters.

46. Status. These and other automatic stay related matters will continue until a chapter 11 plan is confirmed.

47. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 37.5 hours during the Application Period for a total of \$13,714.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

H. Employment and Compensation.

48. Description. MW assisted with, inter alia, the review and analysis of issues regarding communications with the Department of Labor regarding former employees' paychecks.

49. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors with issues pertaining to various employee related matters.

50. Status. These and other employee related matters will continue as the need arises.

51. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals

expended 0.3 hours during the Application Period for a total of \$165.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

I. Labor/Retiree Matters.

52. Description. MW assisted with, inter alia, the review and analysis of issues regarding communications with the Department of Labor regarding paychecks; participated in telephone conferences regarding pension and EEOC matters.

53. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors with various labor and retiree matters.

54. Status. These and other labor and retiree matters will continue as the need arises

55. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 2.1 hours during the Application Period for a total of \$910.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

J. Executory Contracts.

56. Description. MW assisted with, inter alia, the review and analysis of various executory contracts and the

development of various strategies regarding rejection of certain executory contracts; researched, drafted, reviewed and analyzed pleadings regarding the rejection or modification of certain executory contracts; negotiated matters related to the rejection or modification of certain executory contracts; and regularly participated in meetings and telephone conferences with the Debtors, their professionals and opposing counsel regarding the foregoing.

57. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in developing and implementing a strategy regarding various executory contracts.

58. Status. These matters will continue as the need arises.

59. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 22.8 hours during the Application Period for a total of \$8,403.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

K. Litigation.

60. Description. MW historically represented the Debtors in various litigation matters and in connection

therewith, prepared suggestions in bankruptcy and handled inquires regarding the bankruptcy filing. MW also assisted with, inter alia, the strategy and negotiations regarding responding to third party subpoenas; continued prosecution of litigation matters in which the Debtors are plaintiffs, and other litigation that could affect the Debtors and/or their current and/or former employees; researched issues regarding vendor lawsuits; analyzed strategies regarding adversary proceedings; and prepared and filed pleadings and researched issues regarding the foregoing.

61. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors with various litigation matters.

62. Status. These matters will continue as the need arises.

63. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 51.0 hours during the Application Period for a total of \$20,127.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

L. Avoidance Actions.

64. Description. MW assisted with, inter alia, the review and analysis of possible avoidance and preference actions and the development of various strategies regarding the foregoing.

65. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in developing and implementing strategies for avoidance and preference actions.

66. Status. These matters will continue as the need arises.

67. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 1.0 hours during the Application Period for a total of \$510.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

M. Vendor Matters.

68. Description. MW assisted with, inter alia, developing and implementing strategies for handling vendor related issues; drafted demand letters to multiple vendors; reviewed, analyzed and responded to correspondence received from various vendors and their counsel; researched,

reviewed, analyzed and drafted pleadings regarding vendors; reviewed and analyzed various vendor related contracts and negotiated with vendors and their counsel to resolve various vendor related issues; and participated in meetings and telephone conferences with the Debtors, the Debtors' professionals and counsel for various vendors regarding the foregoing.

69. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in developing and implementing a strategy for recovering money from vendors and resolving various vendor related issues.

70. Status. These matters will continue as the need arises.

71. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 16.8 hours during the Application Period for a total of \$7,397.50. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

N. Real Estate.

72. Description. MW historically represented the Debtors on various real estate matters and continues to handle matters related thereto. MW also assisted with,

inter alia, the review, analysis and drafting of correspondence, documents and pleadings regarding disposition of real property leases and stub rent issues; reviewed, analyzed and researched issues regarding real property leases and the sale thereof; drafted and filed multiple pleadings and notices regarding the sale of real property, leases and stub rent appeals; and participated in meetings and telephone conferences with the Debtors and their professionals, landlords and their counsel, and other parties in interest regarding the foregoing.

73. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in various real estate and related matters.

74. Status. These matters will continue as the need arises.

75. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 322.3 hours during the Application Period for a total of \$129,678.50. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

O. Reclamation Matters.

76. Description. MW assisted with, inter alia, reviewing, analyzing and responding to numerous claimants' communications; researched and analyzed issues regarding reclamation and alleged secured claims; and participated in telephone conferences with the Debtors, their professionals and reclamation claimants and their counsel regarding the foregoing.

77. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors with the reconciliation and objection to various reclamation claims.

78. Status. These matters are substantially concluded, however, they will continue as the need arises.

79. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 3.4 hours during the Application Period for a total of \$1,120.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

P. Utilities Matters.

80. Description. MW assisted with, inter alia, implementing the procedures for receiving, reviewing, analyzing, responding to, and resolving utility requests for

adequate assurances and coordinating demands on blocked account; reviewed, analyzed and responded to numerous utilities' communications; and communicated with the Debtors, their professionals and counsel for various utilities regarding the foregoing.

81. Necessity and Benefit to the Estates. These services assisted the Debtors in implementing the strategies for resolving various utility demands.

82. Status. These matters are substantially concluded, however, they will continue as the need arises.

83. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 2.9 hours during the Application Period for a total of \$1,047.50. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

Q. Insurance Matters.

84. Description. MW assisted with, inter alia, the review and analysis of various workers compensation, general liability, and other insurance policy related issues; and researched issues regarding the foregoing.

85. Necessity and Benefit to the Estates. These services were necessary to ensure that the Debtors were in compliance with their insurance obligations.

86. Status. These matters will continue as the need arises.

87. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 5.6 hours during the Application Period for a total of \$2,088.50. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

R. Tax Matters.

88. Description. MW historically represented the Debtors in connection with various tax matters, including an IRS audit, tax audit appeals and related tax matters, which are ongoing. MW also assisted with, inter alia, research and analysis regarding strategies and authority to pay certain taxes under first day orders; reviewed, analyzed and prepared correspondence, documents and pleadings regarding various tax matters; participated in the analysis and researched issues regarding the Debtors' strategies regarding overall tax procedures and protocols for tax issues that impact the Debtors' estates; analyzed tax claims

and objections thereto; and participated in meetings and telephone conferences with the Debtors and various taxing authorities regarding the foregoing.

89. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in connection with resolving tax related issues.

90. Status. These matters will continue as the need arises.

91. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 207.5 hours during the Application Period for a total of \$103,094.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

S. Claims Administration.

92. Description. MW assisted with, inter alia, the review and analysis of and responses to numerous claimants' communications; researched, analyzed, drafted and filed multiple omnibus objections to claims and reviewed and analyzed claims regarding the foregoing; analyzed responses to omnibus claim objections, negotiated resolutions to omnibus claim objections and drafted and filed pleadings in connection therewith; and participated in multiple telephone

conferences and meetings with Debtors and their professionals regarding the foregoing.

93. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in developing and implementing a claims resolution strategy and responding to claimants regarding claims related issues.

94. Status. These matters will continue as the need arises.

95. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 537.5 hours during the Application Period for a total of \$202,980.50. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

T. Disclosure Statement and Plan.

96. Description. MW assisted with the, inter alia, analyses and strategies regarding the drafting of the plan of liquidation and disclosure statement and communications with Debtors and other professionals regarding the foregoing.

97. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in developing a plan of liquidation and disclosure statement.

98. Status. These matters will continue as the need arises.

99. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 28.0 hours during the Application Period for a total of \$14,432.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

U. Employee Benefits/Pensions.

100. Description. MW historically represented the Debtors in connection with various employee benefit and pension matters, which are ongoing. MW also assisted with, inter alia, the review and analysis of compensation and benefit compliance; and participated in meetings and telephone conferences with the Debtors and their professionals regarding the foregoing.

101. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors with various employee benefit and pension matters.

102. Status. These matters will continue as the need arises.

103. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals

expended 4.8 hours during the Application Period for a total of \$1,332.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

V. Intellectual Property Matters.

104. Description. MW has historically represented the Debtors in connection with various trademark and intellectual property matters, including, inter alia, filing applications for various marks; defending oppositions to various marks; and participating in meetings and telephone conferences with the Debtors and their professionals regarding the foregoing. In addition, MW assisted the Debtors and their professionals in drafting and filing pleadings regarding the sale of certain intellectual property assets, analyzed and developed strategies regarding the sale and marketing of certain intellectual property assets, and participating in meetings and telephone conferences with the Debtors and their professionals regarding the foregoing.

105. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors with various intellectual property matters.

106. Status. These matters will continue as the need arises.

107. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 53.1 hours during the Application Period for a total of \$13,081.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

W. Vendor Claim Litigation.

108. Description. MW assisted with, inter alia, the analysis and reconciliation of vendor claims.

109. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in developing and implementing a strategy for resolving various vendor related issues.

110. Status. These matters will continue as the need arises.

111. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 1.0 hours during the Application Period for a total of \$550.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

X. Asset Sales.

112. Description. MW assisted with, inter alia, drafting and filing multiple pleadings regarding the sale and auction of assets, analyzed and developed strategies regarding the marketing, auction, and sale of assets, and participated in multiple meetings and telephone conferences with the Debtors, their professionals, bidders, and other parties regarding the foregoing.

113. Necessity and Benefit to the Estates. These services were necessary to assist the Debtors in the sale and disposition of their assets.

114. Status. These matters are substantially concluded, however, they will continue as the need arises.

115. Hours Spent and Compensation Requested. In connection with the foregoing matters, MW's professionals expended 65.8 hours during the Application Period for a total of \$31,275.00. The complete narrative, time detail of the hours incurred and the value of the matter by professional is attached hereto as Exhibit E.

APPLICABLE LEGAL STANDARD

116. The Bankruptcy Code sets forth the legal standards for awarding compensation to professionals employed by the debtor. The format for fee applications is set forth in the

U.S. Trustee's Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed under section 330 of the Bankruptcy Code (the "Guidelines").

117. Under section 330 of the Bankruptcy Code, the Court may award counsel to the Debtors reasonable compensation for actual, necessary services rendered by such attorneys and paraprofessionals employed by such attorneys based on the nature, extent and value of the services rendered, time spent on such services and the cost of comparable services other than in a bankruptcy case. Furthermore, the Court may award reimbursement for actual, necessary expenses.

118. The expenses incurred by MW, as set forth herein, are reasonable and necessary charges for items including, but not limited to, photocopying, long distance telephone calls, messenger services, computer research, travel expenses, overnight mail and court fees. Photocopy charges are assessed at ten cents (\$.10) per page, which MW believes to be competitive for professional firms in this geographic area. Some larger copy and mailing projects may have been performed at an outside copy center at a lower per page rate. In all cases, MW has passed through the costs of the outsourced copy or mailing projects to the estate without

markup. MW incurred messenger service charges when such delivery was more economical or when prompt delivery was necessary in a given circumstance.

119. Under the "lodestar" approach, the Court should consider the number of hours of service reasonably devoted to the case multiplied by the attorney's reasonable rates. Courts frequently consider the specific "lodestar" factors enumerated in Johnson v. Georgia Highway Express, Inc., 488 F.2d 714 (5th Cir. 1974). These lodestar factors were adopted by the Fourth Circuit in Barber v. Kimbrells, Inc., 577 F.2d 216, 226 (4th Cir.), cert. denied, 439 U.S. 934 (1978), and in Anderson v. Morris, 658 F.2d 246, 249 (4th Cir. 1981), where the Fourth Circuit held that the district court should employ the lodestar approach, and then adjust the fee on the basis of the remaining Johnson factors in the case. The following are the Johnson factors:

- (a) the time and labor required;
- (b) the novelty and difficulty of the questions;
- (c) the skill requisite to perform the legal service properly;
- (d) the preclusion of other employment by the attorney due to acceptance of the case;
- (e) the customary fee;
- (f) whether the fee is fixed or contingent;

(g) time limitations imposed by the client or the circumstances;

(h) the amount involved and the results obtained;

(i) the experience, reputation and ability of the attorneys;

(j) the "undesirability" of the case;

(k) the nature and length of the professional relationship with the client; and

(l) awards in similar cases.

Johnson, 488 F.2d at 717-719; Barber, 577 F.2d at 226, n.28; Anderson, 658 F.2d at 248, n.2.

120. MW believes that the services rendered to the Debtors and the out-of-pocket expenses incurred therewith were both necessary and reasonable in view of the Debtors' obligations in these cases, and the size and complexity of these cases.

121. Moreover, MW has worked closely with the Debtors' other professionals to be very efficient and avoid the duplication of services in these chapter 11 cases.

122. MW is the largest law firm in the Commonwealth of Virginia and among the largest law firms in the country, and has substantial expertise in bankruptcy, business law, commercial litigation and other substantive areas, which has allowed MW to effectively and efficiently address issues

arising in a national bankruptcy case. Further, the rates charged by MW are significantly less than rates charged by other law firms in comparable national chapter 11 cases and MW's rates are consistent with rates charged to other clients in non bankruptcy matters.² MW has efficiently assisted the Debtors by employing a streamlined case management structure that generally consists of a core team with various other attorneys and paraprofessionals assigned to other discrete tasks to avoid the performance of duplicative or unnecessary work. MW believes the fees requested herein satisfy the Johnson factors as set forth above.

SUMMARY OF EXHIBITS

123. A proposed order approving the Application is attached hereto as Exhibit A.

124. Attached hereto as Exhibit B is a list of all attorneys and paraprofessionals who have worked on these cases, by name, year of admission (where applicable), hourly rate, hours expended on these cases, and total fees incurred.

² Dion W. Hayes and Douglas M. Foley are both board certified by the American Board of Certification as specialists in the field of Business Bankruptcy Law. See 11 U.S.C. § 330(a)(3)(E).

125. Pursuant to the Interim Compensation Order, MW has received eighty-five percent (85%) of its monthly fees and one hundred percent (100%) of its monthly disbursements for services rendered in May, June and July 2009. In total, MW has received \$644,059.46 in fees and \$25,549.27 in disbursements during the Application Period. See Exhibit C attached hereto for a statement of those payments.

126. A summary of all actual and necessary expense disbursements is attached hereto as Exhibit D.

127. A chronological itemization of time categorized by task performed is attached hereto as Exhibit E. MW has made every effort to place all time entries in the proper service category; however, it should be noted that in some circumstances an entry could have been properly placed in more than one of the service categories. In such circumstances, MW has used its best efforts to place the time entry in the service category that represents the primary purpose of the services rendered. Time entries do not appear in more than one service category.

NOTICE

128. Pursuant to the Interim Compensation Order, MW has served copies of the Application on the Notice Parties (as defined therein). In addition, MW has served notice of the

hearing on the Application on the parties required by the Case Management Order. MW submits that no other or further notice need be given.

WAIVER OF MEMORANDUM OF LAW

129. Pursuant to Local Bankruptcy Rule 9013-1(G), and because there are no novel issues of law presented in this Application, the Debtors request that this Court waive the requirement that all motions be accompanied by a written memorandum of law.

NO PRIOR REQUEST

130. No prior request for the relief sought herein has been made to this Court in these bankruptcy cases. This is MW's third interim application for compensation and reimbursement of expenses.

WHEREFORE, MW respectfully requests that this Court enter an order, substantially in the form attached hereto as Exhibit A, (i) approving the compensation and reimbursement of expenses requested herein on an interim basis, (ii) authorizing and directing the Debtors to pay such amounts, and (iii) granting MW such other and further relief as is just and proper.

Dated: September 14, 2009 SKADDEN, ARPS, SLATE, MEAGHER &
Richmond, Virginia FLOM, LLP
Gregg M. Galardi, Esq.
Ian S. Fredericks, Esq.
P.O. Box 636
Wilmington, Delaware 19899-0636
(302) 651-3000

- and -

SKADDEN, ARPS, SLATE, MEAGHER &
FLOM, LLP
Chris L. Dickerson, Esq.
155 North Wacker Drive
Chicago, Illinois 60606
(312) 407-0700

- and -

MCGUIREWOODS LLP

/s/ Douglas M. Foley .
Dion W. Hayes (VSB No. 34304)
Douglas M. Foley (VSB No. 34364)
One James Center
901 E. Cary Street
Richmond, Virginia 23219
(804) 775-1000

Counsel for Debtors and Debtors
in Possession

EXHIBIT A

Gregg M. Galardi, Esq.
 Ian S. Fredericks, Esq.
 SKADDEN, ARPS, SLATE, MEAGHER &
 FLOM, LLP
 One Rodney Square
 PO Box 636
 Wilmington, Delaware 19899-0636
 (302) 651-3000

Dion W. Hayes (VSB No. 34304)
 Douglas M. Foley (VSB No. 34364)
 MCGUIREWOODS LLP
 One James Center
 901 E. Cary Street
 Richmond, Virginia 23219
 (804) 775-1000

- and -

Chris L. Dickerson, Esq.
 SKADDEN, ARPS, SLATE, MEAGHER &
 FLOM, LLP
 155 North Wacker Drive
 Chicago, Illinois 60606
 (312) 407-0700

Counsel to the Debtors and
 Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
 FOR THE EASTERN DISTRICT OF VIRGINIA
 RICHMOND DIVISION

- - - - - X
 In re: : Chapter 11
 :
 CIRCUIT CITY STORES, INC., : Case No. 08-35653 (KRH)
 et al., :
 :
 Debtors. : Jointly Administered
 - - - - - X

**ORDER GRANTING THIRD INTERIM APPLICATION FOR COMPENSATION
 AND REIMBURSEMENT OF EXPENSES OF MCGUIREWOODS LLP,
 CO-COUNSEL TO THE DEBTORS, FOR SERVICES
RENDERED FROM MAY 1, 2009 THROUGH JULY 31, 2009**

Upon consideration of the Third Interim Application for
 Compensation and Reimbursement of Expenses of McGuireWoods
 LLP, Co-counsel to the Debtors, for Services Rendered from
 May 1, 2009 through July 31, 2009 (the "Application"); and

the Court having reviewed the Application and the Court having determined that the relief requested in the Application is necessary and appropriate; and it appearing that proper and adequate notice of the Application has been given and that no other or further notice is necessary; and upon the record herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED, AND DECREED that:

1. The Application meets the requirements of the Bankruptcy Code and the compensation and reimbursement of expenses sought in the Application is both fair and reasonable.

2. The Application is hereby approved in its entirety, and compensation for the Application Period in the total amount of \$757,717.00 is hereby approved, and the Debtors are hereby authorized and directed to pay McGuireWoods LLP the unpaid portion of such compensation.

3. The reimbursement of expenses for the Application Period in the total amount of \$25,549.27 is hereby approved, and the Debtors are hereby authorized and directed to pay McGuireWoods LLP any unpaid portion of such reimbursements.

4. This Court will retain jurisdiction with respect to any dispute concerning the relief granted hereunder.

Dated: Richmond, Virginia
_____, 2009

UNITED STATES BANKRUPTCY JUDGE

WE ASK FOR THIS:

Gregg M. Galardi, Esq.
Ian S. Fredericks, Esq.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
One Rodney Square
PO Box 636
Wilmington, Delaware 19899-0636
(302) 651-3000

- and -

Chris L. Dickerson, Esq.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM, LLP
155 North Wacker Drive
Chicago, Illinois 60606
(312) 407-0700

- and -

/s/ Douglas M. Foley

Dion W. Hayes (VSB No. 34304)
Douglas M. Foley (VSB No. 34364)
MCGUIREWOODS LLP
One James Center
901 E. Cary Street
Richmond, Virginia 23219
(804) 775-1000

Counsel to the Debtors and Debtors in Possession

CERTIFICATION OF ENDORSEMENT UNDER LOCAL RULE 9022-1(C)

Pursuant to Local Bankruptcy Rule 9022-1(C), I hereby certify that the foregoing proposed order has been endorsed by or served upon all necessary parties.

/s/ Douglas M. Foley

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In re Circuit City Stores, Inc., et al.
Case No. 08-35653 (Jointly Administered)

Name of Applicant: McGuireWoods LLP
Role: Co-counsel to the Debtors

First Interim Application:

Fees Approved: \$896,193.25

Expenses Approved: \$37,355.52

Third Interim Application:

Fees Requested: \$757,717.00

Expenses Requested: \$25,549.27

Second Interim Application:

Fees Approved: \$706,661.50

Expenses Approved: \$9,794.66

Summary of Timekeepers

| <u>Attorneys</u> | <u>Admitted</u> | <u>Rate</u> | <u>Hours</u> | <u>Amount</u> |
|-------------------------|-----------------|-------------|---------------|---------------------|
| Ashcroft, Erin Q. | 2007 | \$300.00 | 34.8 | \$10,440.00 |
| Bell, Craig D. | 1983 | \$530.00 | 126.3 | \$66,939.00 |
| Bernhardt, Brian C. | 1997 | \$475.00 | 47.8 | \$22,705.00 |
| Blanks, Daniel F. | 2002 | \$375.00 | 540.3 | \$202,612.50 |
| Diller, Elizabeth A. | 2008 | \$275.00 | 3.6 | \$990.00 |
| Foley, Douglas M. | 1992 | \$550.00 | 421.2 | \$231,660.00 |
| Fratkin, Bryan A. | 1995 | \$490.00 | 2.5 | \$1,225.00 |
| Grotins, Jodie | 2008 | \$300.00 | 2.4 | \$720.00 |
| Gunlock, Matthew T. | 2006 | \$290.00 | 16.0 | \$4,640.00 |
| Hanzlik, Blair B. | 2003 | \$375.00 | 0.5 | \$187.50 |
| Harmon, T. Craig | 1986 | \$525.00 | 7.4 | \$3,885.00 |
| Hellmuth, Kelly L. | 2003 | \$285.00 | 1.2 | \$342.00 |
| Hildner, Jacob P. | 2003 | \$395.00 | 6.3 | \$2,488.50 |
| McCray, Anne Bentley | 1994 | \$500.00 | 5.5 | \$2,750.00 |
| Miller, Zach | 2006 | \$365.00 | 6.8 | \$2,482.00 |
| Peyton, Janet P. | 1996 | \$460.00 | 6.4 | \$2,944.00 |
| Pittman, Edmund S. | 1992 | \$450.00 | 18.6 | \$8,370.00 |
| Rash, Matthew P. | 2004 | \$315.00 | 69.5 | \$21,892.50 |
| Roberson, Eric C. | 2005 | \$340.00 | 8.9 | \$3,026.00 |
| Sheerin, Joseph S. | 2001 | \$450.00 | 5.8 | \$2,610.00 |
| Smith, Douglas B. | 2006 | \$295.00 | 13.2 | \$3,894.00 |
| Stark, Bryan A. | 2007 | \$295.00 | 173.6 | \$51,212.00 |
| Traylor, Cristin K. | 2000 | \$395.00 | 1.4 | \$553.00 |
| Tyler, Robert M. | 1994 | \$500.00 | 1.8 | \$900.00 |
| Vonckers, Johan | 2002 | \$275.00 | 1.0 | \$275.00 |
| ATTORNEY TOTALS: | | | 1522.8 | \$649,743.00 |

Exhibit B

Paraprofessionals

| | | | |
|---------------------------------|----------|--------------|---------------------|
| Anderson, Patricia C. | \$125.00 | 2.7 | \$337.50 |
| Bailey, Wanda C. | \$175.00 | 11.8 | \$2,065.00 |
| Broughton, Robin M. | \$310.00 | 2.3 | \$713.00 |
| Cain, Karen B. | \$195.00 | 180.6 | \$35,217.00 |
| Dagrosa, Gloria K. | \$225.00 | 5.5 | \$1,237.50 |
| Enderle, Heather M. | \$150.00 | 0.7 | \$105.00 |
| Fallen, Cynthia D. | \$90.00 | 1.5 | \$135.00 |
| Ferrell, Connie | \$215.00 | 1.1 | \$236.50 |
| Field, John | \$75.00 | 2.2 | \$165.00 |
| Gokey, Kymberleigh B. | \$160.00 | 30.3 | \$4,848.00 |
| Hines, Terry | \$140.00 | 1.1 | \$154.00 |
| Luong, Cuong | \$75.00 | 8.4 | \$630.00 |
| Morrison, Diane E. | \$195.00 | 3.2 | \$624.00 |
| Morrison, Kathryn C. | \$75.00 | 5.4 | \$405.00 |
| Neilson, Linda J. | \$185.00 | 275.1 | \$50,893.50 |
| Paiva, Janis A. | \$255.00 | 0.9 | \$229.50 |
| Sisk, Lois E. | \$310.00 | 0.5 | \$155.00 |
| Smith, Frances C. | \$215.00 | 24.2 | \$5,203.00 |
| Walker, Kathleen A. | \$225.00 | 4.5 | \$1,012.50 |
| von Bargaen, Nancy S. | \$220.00 | 16.4 | \$3,608.00 |
| PARAPROFESSIONAL TOTALS: | | 578.4 | \$107,974.00 |

| | | | |
|----------------|--|---------------|---------------------|
| TOTALS: | | 2101.2 | \$757,717.00 |
|----------------|--|---------------|---------------------|

| | |
|-----------------------------|-----------------|
| BLENDED HOURLY RATE: | \$360.61 |
|-----------------------------|-----------------|

Summary of Monthly Fee Statements

| Period Covered | Total Fees Incurred | Total Fees Requested Pursuant to Interim Compensation Order | Fees Paid | Holdback | Total Expenses Incurred | Total Expenses Requested Pursuant to Interim Compensation Order | Expenses Paid |
|-------------------------------|---------------------|---|--------------|--------------|-------------------------|---|---------------|
| May 1, 2009 to May 31, 2009 | \$ 228,283.50 | \$194,040.98 | \$194,040.98 | \$34,242.52 | \$6,295.33 | \$6,295.33 | \$6,295.33 |
| June 1, 2009 to June 30, 2009 | \$ 280,523.50 | \$238,444.98 | \$238,444.98 | \$42,078.52 | \$8,583.72 | \$8,583.72 | \$8,583.72 |
| July 1, 2009 to July 31, 2009 | \$ 248,910.00 | \$211,573.50 | \$211,573.50 | \$37,336.50 | \$10,670.22 | \$10,670.22 | \$10,670.22 |
| Totals: | \$ 757,717.00 | \$644,059.46 | \$644,059.46 | \$113,657.54 | \$25,549.27 | \$25,549.27 | \$25,549.27 |

Summary of Expenses

| <u>Disbursement</u> | <u>Amount</u> |
|--------------------------------------|--------------------|
| Copy Charges | \$2,316.90 |
| Overnight Delivery | \$546.87 |
| Messenger Services | \$145.15 |
| Telephone and Teleconference Charges | \$1,085.87 |
| Computer Research | \$26.16 |
| Working Meals | \$2,054.50 |
| Travel | \$11,717.97 |
| Court Costs | \$7,105.93 |
| Professional Services | \$549.92 |
| TOTAL: | \$25,549.27 |